

INSTRUCTIONS FOR COMPLETING PROPERTY BONDS

A property bond may be used only when 100% of the surface and mineral rights are owned by the party asking for the property bond. The well(s) to be drilled or transferred must be located on the property covered by the property bond. To obtain a property bond, please follow the procedures as outlined:

1. File a completed Property Bond at the County Courthouse in which the property is located.
2. Complete two (2) copies of the Affidavit of Surety.
3. Sign Statement of Understanding form.
4. Return the original, recorded Property Bond, the two (2) original Affidavits of Surety and the signed Statement of Understanding forms.
5. If the property bond is accepted, one of the Affidavits of Surety will be returned for your files.

**DEPARTMENT OF MINES AND MINERALS
DIVISION OF OIL AND GAS
P.O. BOX 2244
FRANKFORT, KY 40601
PHONE (502) 573-0147**



STATEMENT OF UNDERSTANDING (PROPERTY BOND ATTACHMENT)

I _____, owner of a certain tract described in the attached property bond, do understand that by filing this property bond, that I am accepting responsibility for the proper plugging of the well or wells covered by this bond; and filing of all required well records for the well or wells covered by this bond, pursuant to the Kentucky Revised Statutes Chapter 353.

I further understand that failure to comply with the requirements could mean that the property described in the attached property bond may be sold at the courthouse of the county in which the property is located, and the proceeds used to obtain compliance for the well(s) covered by this bond.

SIGNATURE OF OWNER

STATE OF KENTUCKY
COUNTY OF _____

Subscribed and Sworn to before me this _____ day of _____, of 20____,

By _____, Affiant herein.

NOTARY SEAL

NOTARY PUBLIC

My Commission Expires _____

PROPERTY BOND

I, _____ having on the _____ day of _____, 20 ____, filed with the Commonwealth of Kentucky, Department of Mines and Minerals, an application to secure a permit to drill an oil and/or gas well within the Commonwealth of Kentucky on land owned by me and located in _____ County, Kentucky, and I being required, pursuant to KRS 353.590, to post a bond in the amount of \$_____ dollars (\$_____,000) to secure the plugging of such well and the filing of the appropriate records, in accordance with Chapter 353 of the Kentucky Revised Statutes (KRS) and the regulations promulgated pursuant thereto.

Now, therefore, know all men by these presents that I, _____, am held and firmly bound unto the Commonwealth of Kentucky, Oil and Gas Well Plugging Fund, in the sum of \$_____ dollars (\$_____,000) the payment of which will and truly be made, and hereby bind myself, my heirs, administrator, executor, successors, and assigns, and pledge the real property described below, to which I hold title, to secure the payment of the aforesaid sum.

Being the same property conveyed to me by deed dated the _____ day of _____, 20 ____, from _____ and of record in Deed Book _____, Page _____, in the _____ County Court Clerk's Office. Said property consists of _____ acres, more or less. (If more than one (1) tract was acquired by such deed, list the tract number(s) herein pledged and the acreage of each: Tract No(s). _____, consisting of _____ acres.)

Now, if I, _____, shall plug the well(s) and file all appropriate records in accordance with KRS Chapter 353 and the regulations of the Department of Mines and Minerals, then this obligation shall be void and this writing shall be released, canceled and returned to me; otherwise it shall remain in full force and effect.

Date: _____ By: _____

Permanent Address: _____

STATE OF KENTUCKY
COUNTY OF _____

Subscribed and Sworn to before me this _____ day of _____, of 20____,

By _____, Affiant herein.

NOTARY SEAL

NOTARY PUBLIC

My Commission Expires _____

CERTIFICATE OF THE COUNTY CLERK

I, _____, Clerk of _____ County, certify that this Property Bond of _____, consisting of two (2) pages, and in favor of the Commonwealth of Kentucky, Oil and Gas Well Plugging Fund, has been represented and duly recorded in this office at page _____ of the _____ County, Kentucky.

Date: _____

CLERK

**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF MINES AND MINERALS
AFFIDAVIT OF SURETY**

Comes the affiant, _____, pursuant to Kentucky Revised Statute (KRS) 353.590, proposes to justify his sufficiency to be surety on the bond filed with his application for permit to drill an oil and/or gas well, or to assume the responsibility for such well by affirming as follows:

1. The affiant is a resident of _____ County, Kentucky, and his permanent address is: _____

2. The affiant owns, holds, and possesses a one hundred percent (100%) undivided interest in both the surface and the mineral estates of the real property located in _____ County, Kentucky, upon and within which the affiant intends to drill or otherwise maintain a well for the production of oil and/or gas, as stated in affiant's application for a permit currently pending before the Department of Mines and Minerals, and to which application reference is made for a more complete description of the aforesaid real property.
3. The affiant has an equitable interest in the property described in paragraph (2) above, in the amount of _____ Dollars (\$ _____) over and above the One Thousand Dollar (\$1,000) homestead exemption and a mortgage in the amount of _____ Dollars (\$ _____), which is the only mortgage, if any, on said property.
4. The affiant states that there are no suits for debts pending against him in any court on this date.

WITNESS MY HAND, the _____ day of _____, 20____. Further the affiant saith not.

AFFIANT

STATE OF KENTUCKY
COUNTY OF

SUBSCRIBED AND SWORN to me this the _____ day of _____, 20____, by _____, Affiant herein.

NOTARY SEAL

NOTARY PUBLIC

My Commission Expires _____.

APPROVAL OF SURETY

The affiant, _____, is hereby granted approval to act as surety with respect to an oil and/or gas well to be drilled or otherwise maintained on property owned by the affiant in _____ County, Kentucky. Upon presentation of a properly executed and recorded property bond in an amount up to _____ Dollars (\$ _____,000), the affiant shall be deemed to have satisfied the bonding requirements of KRS 353.590 and of KRS 353.500 to 353.720.

This approval shall expire sixty (60) days from this date if the affiant has not, within that period, submitted an application to drill, deepen or reopen a well on property owned by said affiant.

DATE: _____

Rick Bender
Division of Oil and Gas Conservation
Department of Mines and Minerals